



New Legislation and the DLGF

Department of Local Government Finance

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Commissioner

September 3, 2009



Outline

- New Legislation
- Data Upload Program
- State Sales Disclosure Program
- Agency Status Update
- 2010 U.S. Census



New Legislation



SDF Technical Change

■ SB 346

- Beginning on July 1, 2009, a person filing a sales disclosure form with respect to a sale of real property occurring between January 1, 2004 and December 31, 2011 shall pay a fee of \$10 to the county auditor.
- 50 percent of the revenue collected shall be deposited in the county sales disclosure fund and 50 percent shall be transferred to the assessment training and administrative fund.
- The DLGF may provide training of assessment officials and employees of the DLGF through the Indiana chapter of the IAAO on various dates and at various locations in Indiana.



Data Server Exemption

■ SB 448

- New property tax exemption for businesses located in Indiana that are “dedicated to computing, networking, or data storage activities.”
- A business is eligible for the exemption if:
 - 1) It invests at least \$10 million in real and personal property located in Indiana after June 30, 2009;
 - 2) The average employee wage of the entity is at least 125 percent of the county average wage of each county in which it conducts business; and
 - 3) The fiscal body of the county or municipality adopts a resolution exempting the business from property taxation
- Only the “enterprise information technology equipment” qualifies for the exemption.



Deduction for Model Homes

■ HB 1071

- Model residence deduction is retroactive to 2008 pay 2009.
- A property owner that qualifies for the deduction must file an application with the county auditor to claim the deduction for 2008 pay 2009 “in emergency rules... adopted by the DLGF.”
- If the 2008 pay 2009 property taxes already have been paid, the person that paid the taxes is entitled to a refund without having to apply.



Deduction for Model Homes

■ Background:

- HEA 1164 (P.L. 70-2008) – Indiana Code 6-1.1-12.6
- Generally, qualified owner of a model residence is entitled to a fifty percent (50%) deduction of the assessed value of a model residence.
- Originally effective for March 1, 2009 assessment date or a later year.



Deduction for Model Homes

■ Qualification as a Model Residence:

- Real property that consists of a single family residence, single family townhouse, or single family condominium unit that has never been occupied as a principal residence, and is used for display or demonstration to prospective buyers.
- Does not include the land on which it is located.
- Owner's regular office space is not considered a model residence (sales office is considered part of the model residence).



Deduction for Model Homes

■ Number of Deductions:

- Available for no more than four (4) assessment dates:
 - One assessment as a partially completed structure.
 - One assessment as the initial fully completed structure.
 - Two assessment dates immediately succeeding the initial fully completed structure.



Deduction for Model Homes

■ Change of Ownership:

- If ownership changes, and use continues as a model residence, the new owner may claim the deduction. However, the assessment date limitations remain.
- A person who claims the deduction must notify the County Auditor of the transfer of ownership, and whether the new owner is eligible for the deduction.



Deduction for Model Homes

■ Change of Ownership:

- If the model residence is sold after the assessment date of that year, but before January 1 of the following year, to a person who does not continue to use the real property as a model residence, the deduction is terminated for that assessment date.
- The County Auditor must immediately notify the former owner, the property owner, and the assessing official of the termination, and remove the deduction.



Deduction for Model Homes

■ Number of Deductions for an Assessment Date:

- With the exception of members of an affiliated group, a property owner is entitled to no more than three (3) model residence deductions in Indiana for an assessment date.
- The aggregate number of deductions claimed by an affiliated group may not exceed three deductions.



Deduction for Model Homes

- **Number of Deductions for an Assessment Date:**
 - Affiliated group means any combination of:
 - An affiliated group as provided in Section 1504 of the Internal Revenue Code (except the ownership percentage is fifty percent (50%) instead of eighty percent (80%)).
 - Two (2) or more partnerships as defined in IC 6-3-1-19, including limited liability companies and partnerships, that have the same degree of mutual ownership as an affiliated group described above.



Deduction for Model Homes

- **Application for Deduction and County Official Duties:**
 - A property owner must file an Application for Model Residence Deduction (State Form 53812 - available at <http://www.in.gov/dlgf>) with the County Auditor for each assessment date desired.
 - The assessing official must verify the application.
 - The County Auditor must make the deductions and notify the county Property Tax Assessment Board of Appeals (PTABOA) of all approved deductions.



Deduction for Model Homes

■ Limitations:

- Not allowed in an Allocation Area as defined in IC 6-1.1-21.2-3.
- Limited to one deduction per model home per year (i.e. a property owner may not receive the model home deduction in conjunction with another deduction).



Valuation Date

■ HB 1094

- Real property will be valued for property tax assessment purposes as of the assessment date.
 - In other words, the valuation date and the assessment date will be the same beginning in 2010.
- Eliminates the “Auditor’s Statement”
- Form 11 and TS-1 must include certain information concerning assessment appeals, including a notice that an appeal requires evidence relevant to the true tax value of the taxpayer’s property as of the assessment date.



Mortgage Deduction

■ HB 1096

– Two ways to apply for the mortgage deduction:

1. The person recording the mortgage, contract, or memorandum may file a statement with the county recorder for real property or the county auditor for personal property mobile homes.
2. The person claiming the mortgage deduction may file a statement with the county auditor.



Homestead Deduction

- HB 1344:
 - Homestead Standard Deduction
 - Sales disclosure forms and property tax bills must include information concerning the consequences of claiming more than one homestead standard deduction and the procedures and deadlines for terminating a standard deduction.
 - Applicant for a homestead standard deduction must include the last five digits of his social security/driver's license/state identification number.



Homestead Deduction

■ HB 1344:

– Improper Deductions and Credits

- Tax bills must in 2010, 2011 and 2012 include a form for taxpayers to use to verify certain deductions and credits to which the taxpayers are entitled.
- County auditor may terminate the deductions or credits for 2012 pay 2013 if an individual does not verify the deductions and credits before January 1, 2013. Notice of proposed termination must be provided.

– Electronic Tax Statements

- Legislative body may authorize the transmission by e-mail of property tax bills and related information.
- County treasurer and auditor administrate program.



Electronic Tax Payments

■ HB 1344:

– Electronic Tax Payments

- Automatic deductions of payments for property taxes and special assessments from any account held by a financial institution, not just from a checking account.

– Revenue Distributions

- County must distribute revenue from monthly installment property tax collections to political subdivisions in the county at the normal semi-annual distribution date.



Permanently Flooded Real Property

- HB 1365
 - Retroactive to January 1, 2008
 - Applies to one (1) or more parcels of real property in a county that: (1) are permanently flooded or to which access over land is permanently prevented by flooding; and (2) are not being used for agricultural purposes.
 - Owner may petition the county assessor for a reassessment of the parcel(s)



Permanently Flooded Real Property

- Owner of parcel may petition County Assessor for reassessment of parcel if:
 - Permanently flooded (or access over land is permanently prevented by flooding); and
 - Not used for agricultural purposes
- Form 137PF, Petition for Survey and Reassessment Real Property that is Permanently Flooded or Access is Permanently Prevented by Flooding



Permanently Flooded Real Property

- Flooding occurs before May 11 and after preceding November 10 (between Nov 11, 2008 and May 10, 2009)
 - Form 137PF must be filed by December 31, 2009
 - Reassessment order affects 2009 and 2010 tax bills
- Flooding occurs after May 10 and before following November 11 (between May 11, 2009 and Nov 10, 2009)
 - Form 137PF must be filed by December 31, 2009
 - Reassessment order affects 2009 (Fall installment) and 2010 bills



General Reassessment Delay

- Delay start of general reassessment to July 1, 2010
 - March 1, 2012 assessment date (and valuation date)
 - Property taxes first due and payable in 2013
- May start reassessment activities now
 - Make sure property data is verified and confirmed during general reassessment period
 - Property visit;
 - Review of building permits; or
 - Pictometry



Mobile Home: Waiver of Taxes

- Waiver of property taxes for owners of abandoned mobile homes with assessed value less than taxes owed
- Mobile home owner may submit a written request to County Assessor requesting the personal property tax liability be waived, if the mobile home:
 - has deteriorated to a degree that it can no longer provide suitable protection;
 - has little or no value as a structure;
 - personal property tax liability exceeds the estimated resale value; and
 - has been abandoned in a licensed mobile home community.



Data Upload Program & State Sales Disclosure Program



Data Upload Program

- Upcoming changes:
 - Department and LSA have been working closely on refining the testing tool, and also making the upload program ready to accept official data extract submissions
 - Reports will be simplified and will focus on errors deemed critical for data compliance



Data Upload Program

- What to expect:
 - Department and LSA will be visiting several counties to solicit feedback and address questions about the program
 - Expect memoranda, conference calls, and other materials leading up to this date



State Sales Disclosure Program

■ Upcoming Changes:

- Effective **January 1, 2010**, the Department will cease direct technical support.
- Application still will be available for those counties that wish to continue using it.
- The public and assessor sales search functions will continue to be supported and made available.
- Counties must decide whether they wish to continue using the State Sales Disclosure Program or contract with a certified vendor.



State Sales Disclosure Program

- If Contracting with a Vendor:
 - Make sure your prospective vendor is already or is planning to become certified under the specifications as outlined in February 25, 2009 memorandum.
 - Vendors known to be working on a certified solution include Manatron and AS2 Solutions.
 - Other vendors have also expressed interest and the Department will certify any vendor who can meet the requirements of the February 25 memorandum.



State Sales Disclosure Program

- If Contracting with a Vendor – continued:
 - Please notify the Department of your decision and your selected vendor.
 - Department will then lock out public entry for your county on the State Sales Disclosure Application to prevent multiple points of entry for sales disclosures.



State Sales Disclosure Program

- If Remaining with the State Program:
 - Please notify the Department of your intent to remain with the State Program.
 - Counties will need to appoint at least one county coordinator to handle local technical issues with the application.
 - These individuals will provide the front-line technical support for the users of the program.



State Sales Disclosure Program

- If Remaining with the State Program – continued:
 - For problems that cannot be resolved locally, county coordinators will work directly with the developers at the Indiana Business Research Center to research and determine solutions.
 - Department will coordinate and provide transition training for county coordinators between now and December 31, 2009.



Status Update



2010: “The Year of No Excuses”

In response to this challenge, the DLGF Team has accomplished the following:

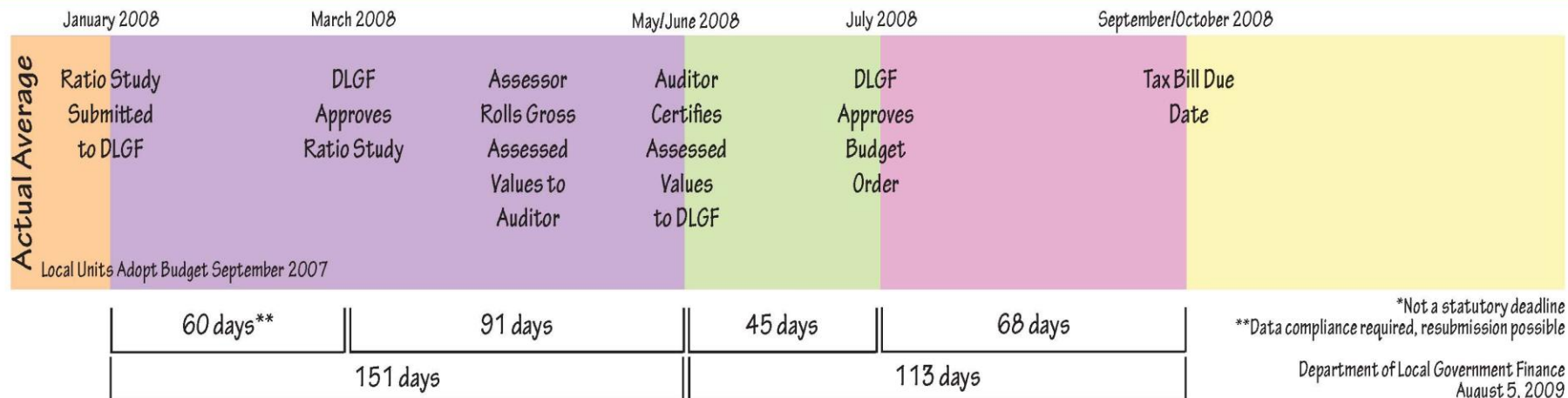
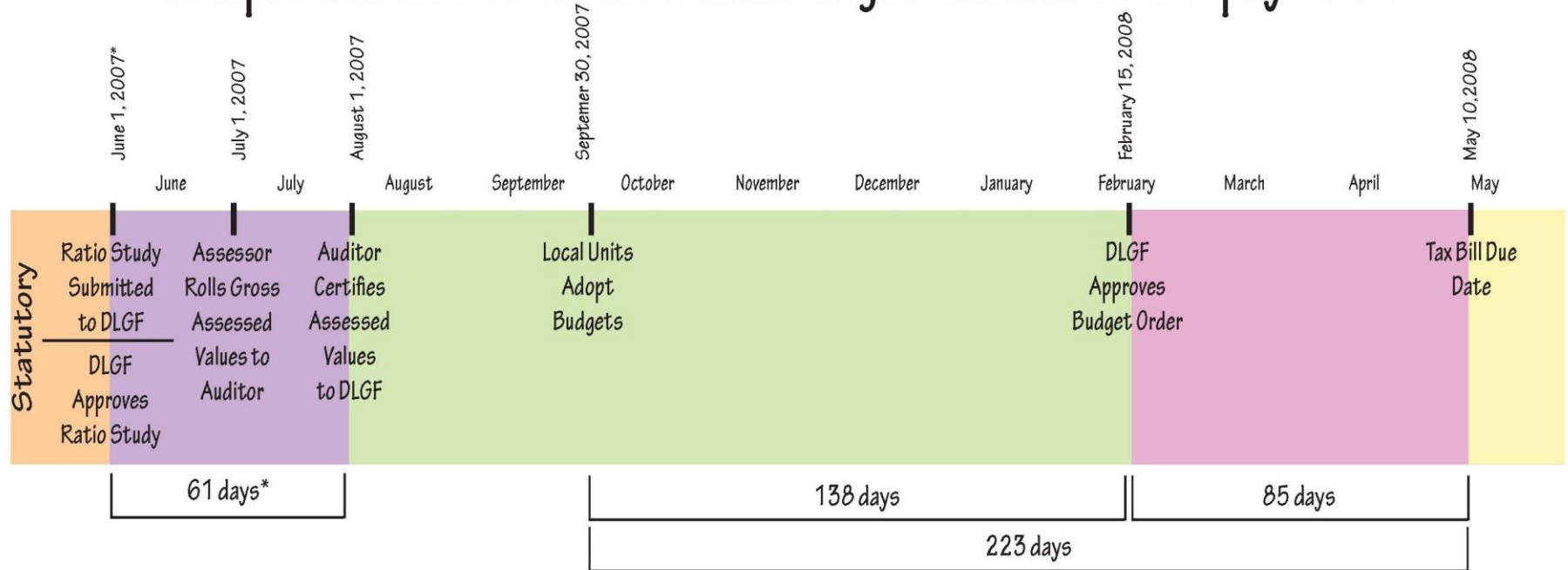
- Streamlined the data compliance process for assessment-sales ratio study approval purposes;
- Simplified the annual adjustment rule to allow for the use of only one year of sales and repealed the previous guidance that assessments be changed even if assessment level and uniformity statistical measures were within international standards;
- Established a goal to issue 2010 budget orders within 60 days from receipt of certified net assessed values or locally adopted budgets from the county auditor; and
- Sent TS-1 to vendors and treasurers August 4, 2009 (6 months sooner than last year)



Agency Goals

- **Restore On-Time Property Tax Billing**
 - Proactively assist counties in achieving data compliance
 - Department Policy provides for a 2-3 day response and turnaround for Data compliant counties
 - Reduce turnaround time for review and approval of ratio studies (includes counties w/data compliance issues)
 - 2007 pay 2008 – 60 days
 - 2008 pay 2009 – 55 days
 - 2009 pay 2010 – 18 days
 - Reduce turnaround time for budget certification once certified assessed values are received
 - 2007 pay 2008 – 45 days
 - 2008 pay 2009 – 40 days

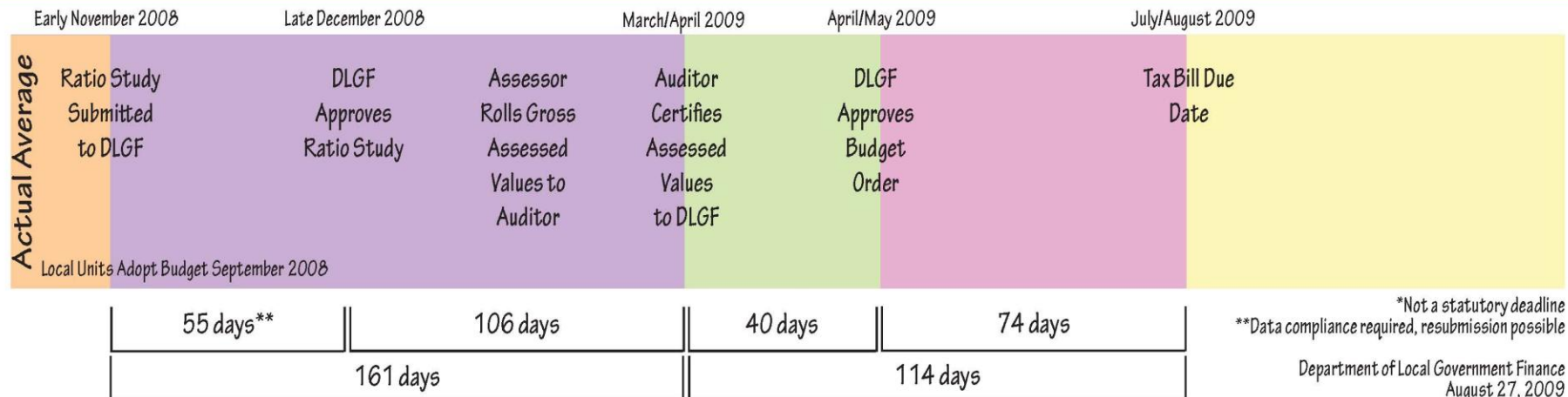
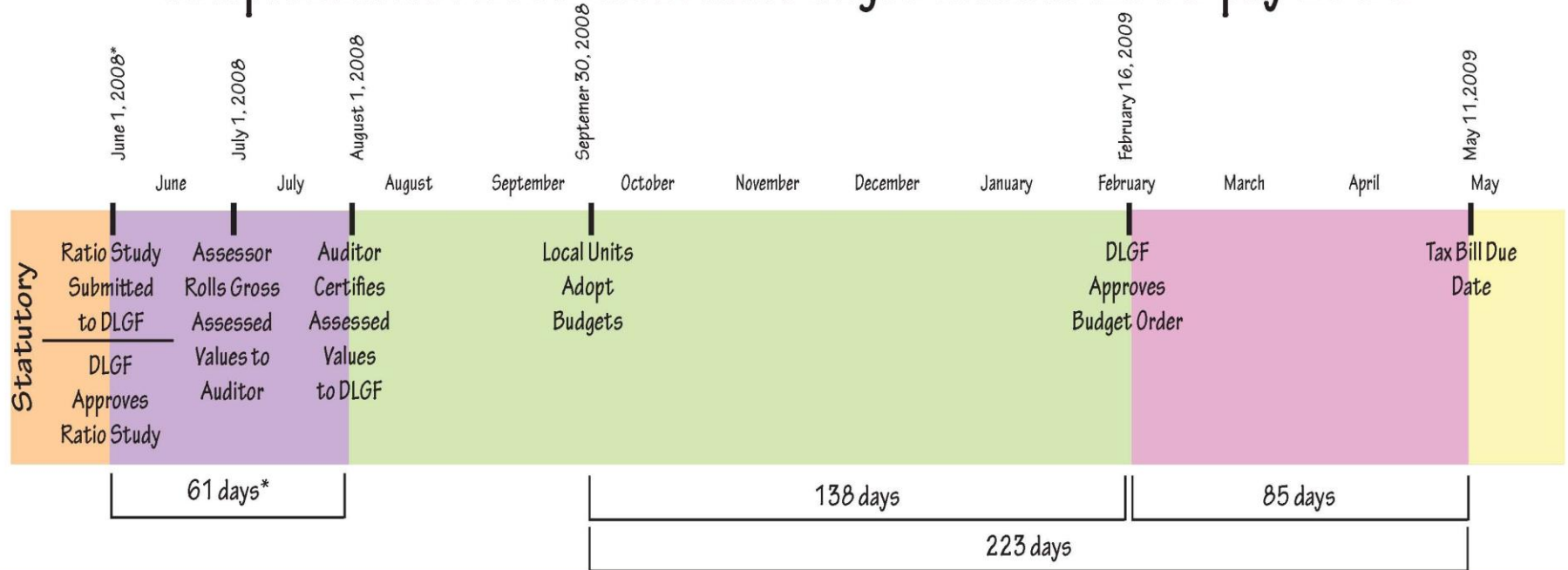
Comprehensive Assessment and Budget Timeline 2007 pay 2008



*Not a statutory deadline
 **Data compliance required, resubmission possible

Department of Local Government Finance
 August 5, 2009

Comprehensive Assessment and Budget Timeline 2008 pay 2009



*Not a statutory deadline
 **Data compliance required, resubmission possible

Department of Local Government Finance
 August 27, 2009

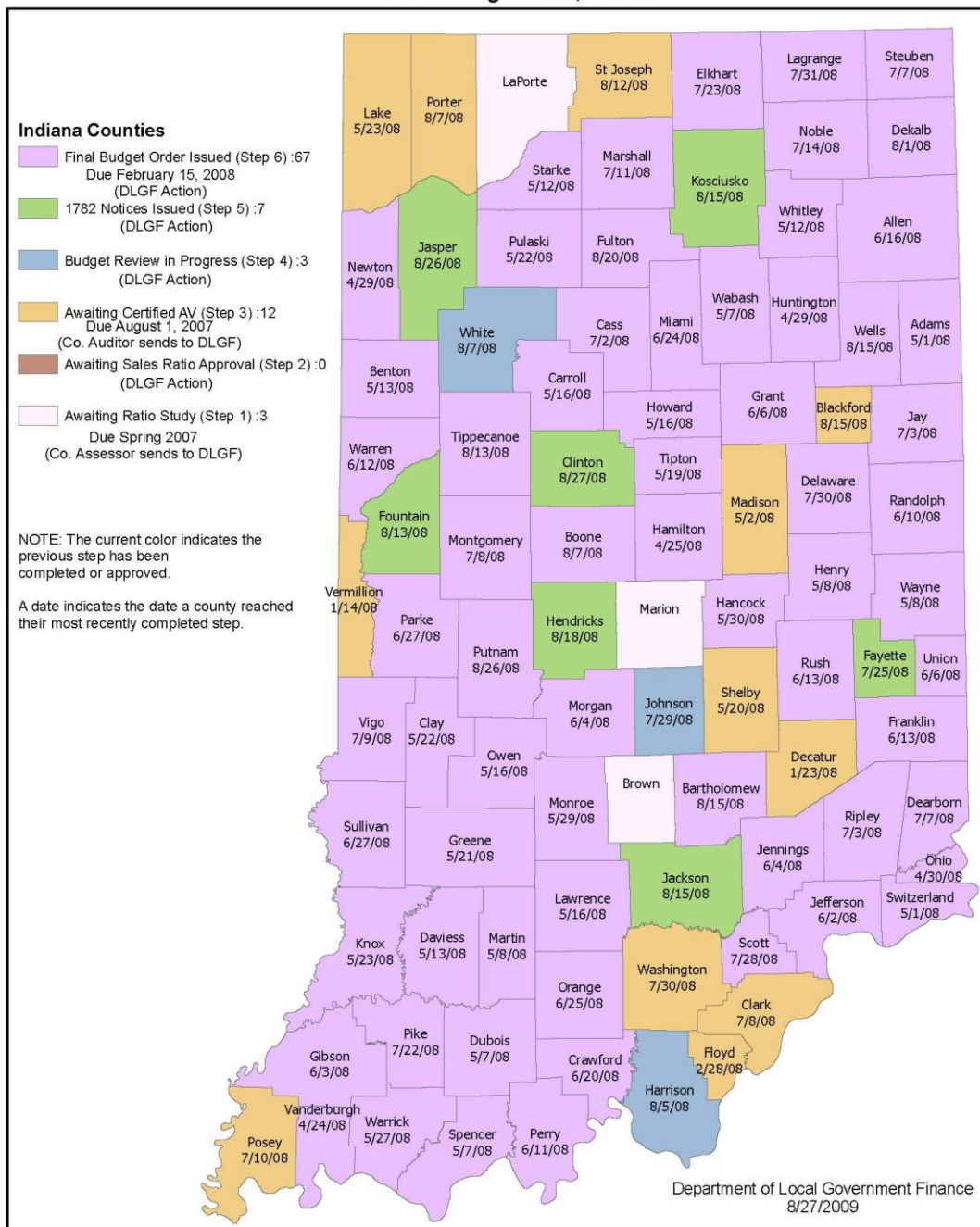


2008 Budget Certification status as of August 27, 2008

Status Maps:

<http://www.in.gov/dlgf/6827.htm>

2007 pay 2008 Budget Certification Status Map
As of August 27, 2008





2008 pay 2009 Budget Certification Status Map

Indiana Counties

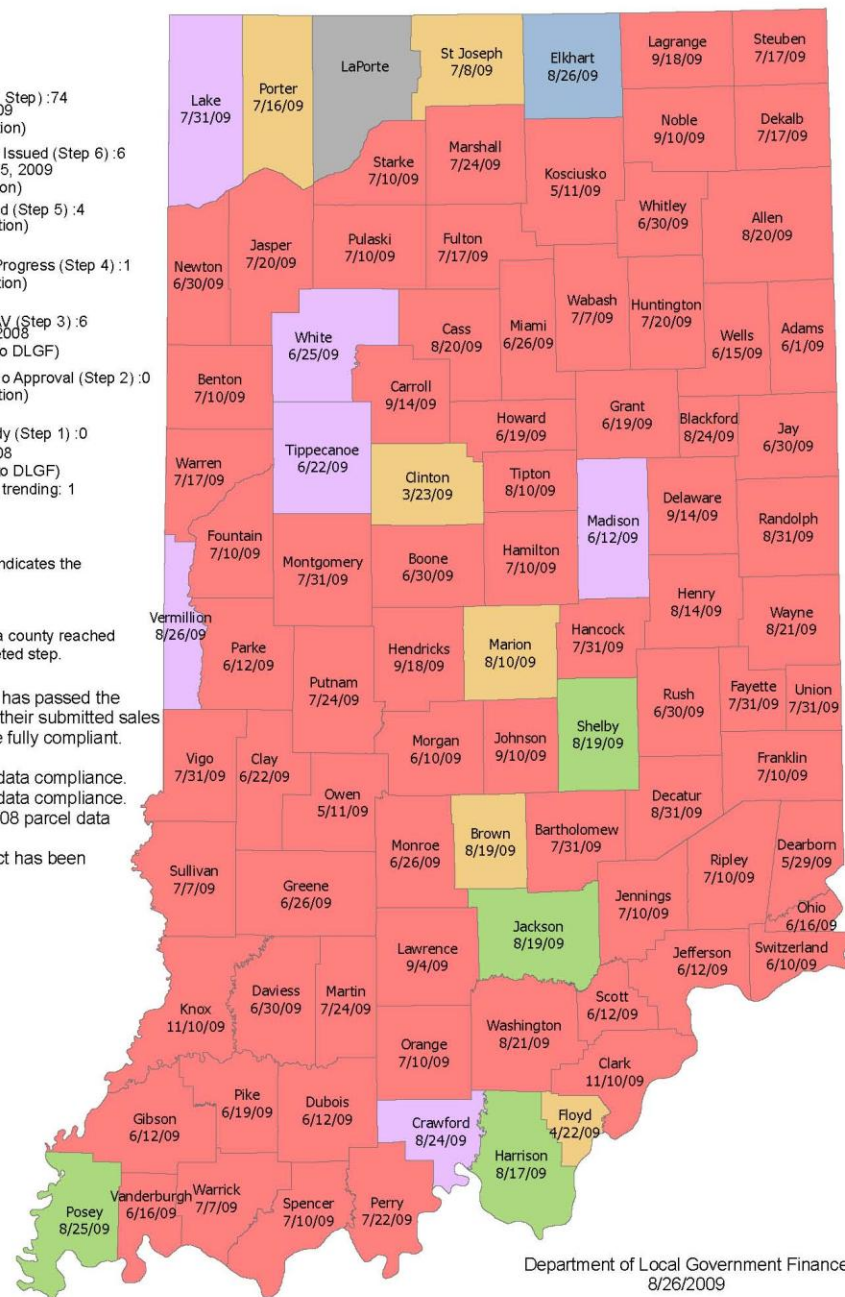
- Tax Bills Due (Final Step) :74
Due May 11, 2009
(Co. Treasurer Action)
- Final Budget Order Issued (Step 6) :6
Due February 15, 2009
(DLGF Action)
- 1782 Notices Issued (Step 5) :4
(DLGF Action)
- Budget Review in Progress (Step 4) :1
(DLGF Action)
- Awaiting Certified AV (Step 3) :6
Due August 1, 2008
(Co. Auditor sends to DLGF)
- Awaiting Sales Ratio Approval (Step 2) :0
(DLGF Action)
- Awaiting Ratio Study (Step 1) :0
Due Spring 2008
(Co. Assessor sends to DLGF)
- State is performing trending: 1

NOTE: The current color indicates the previous step has been completed or approved.

A date indicates the date a county reached their most recently completed step.

M-W indicates a county has passed the Mann-Whitney test and their submitted sales and parcel data sets are fully compliant.

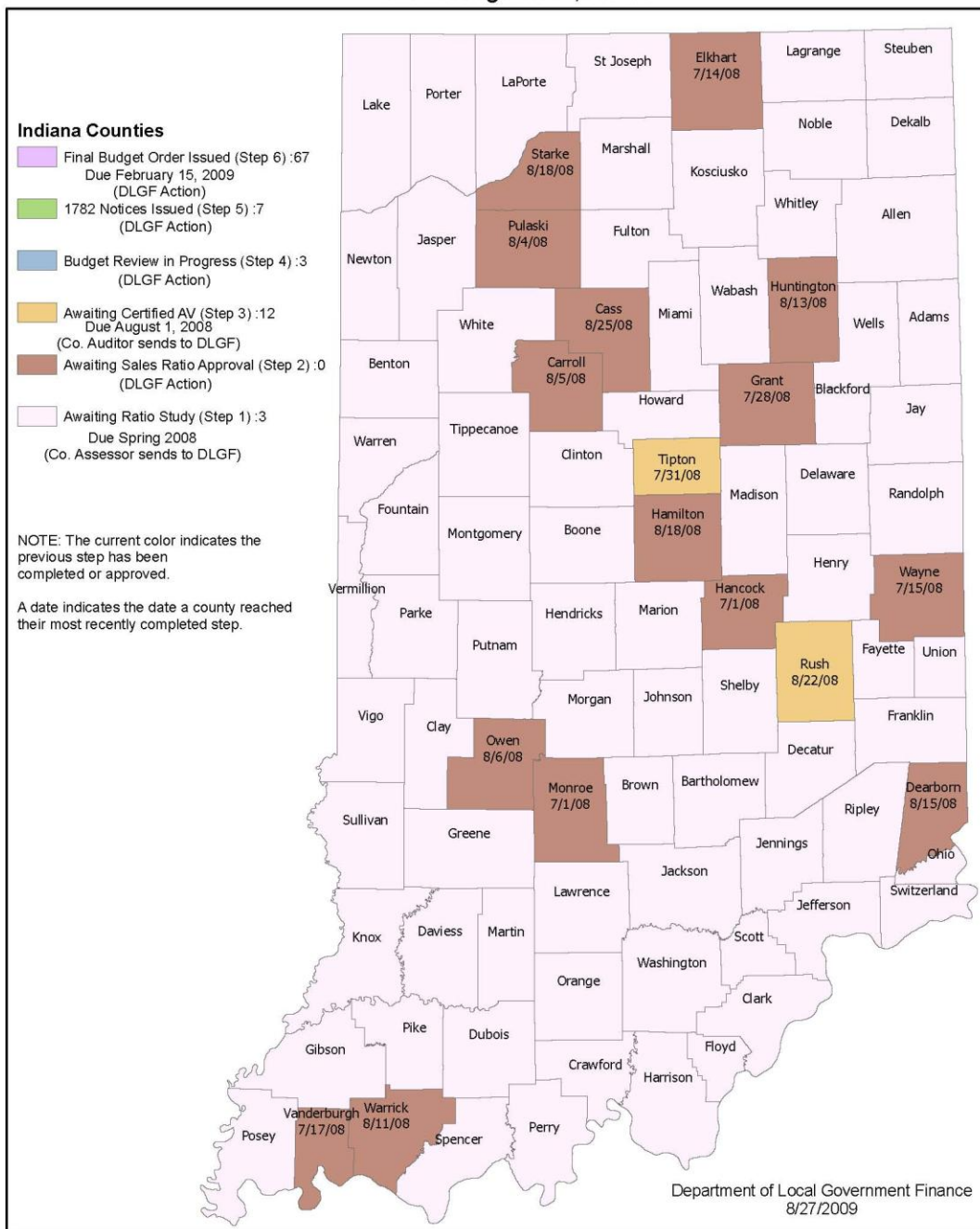
- 1 indicates 2006 Sales data compliance.
- 2 indicates 2007 Sales data compliance.
- 3 indicates 2007 pay 2008 parcel data compliance.
- 4 indicates 2008 abstract has been completed.





<http://www.in.gov/dlgf/6827.htm>

Department of Local Government Finance
8/27/2009



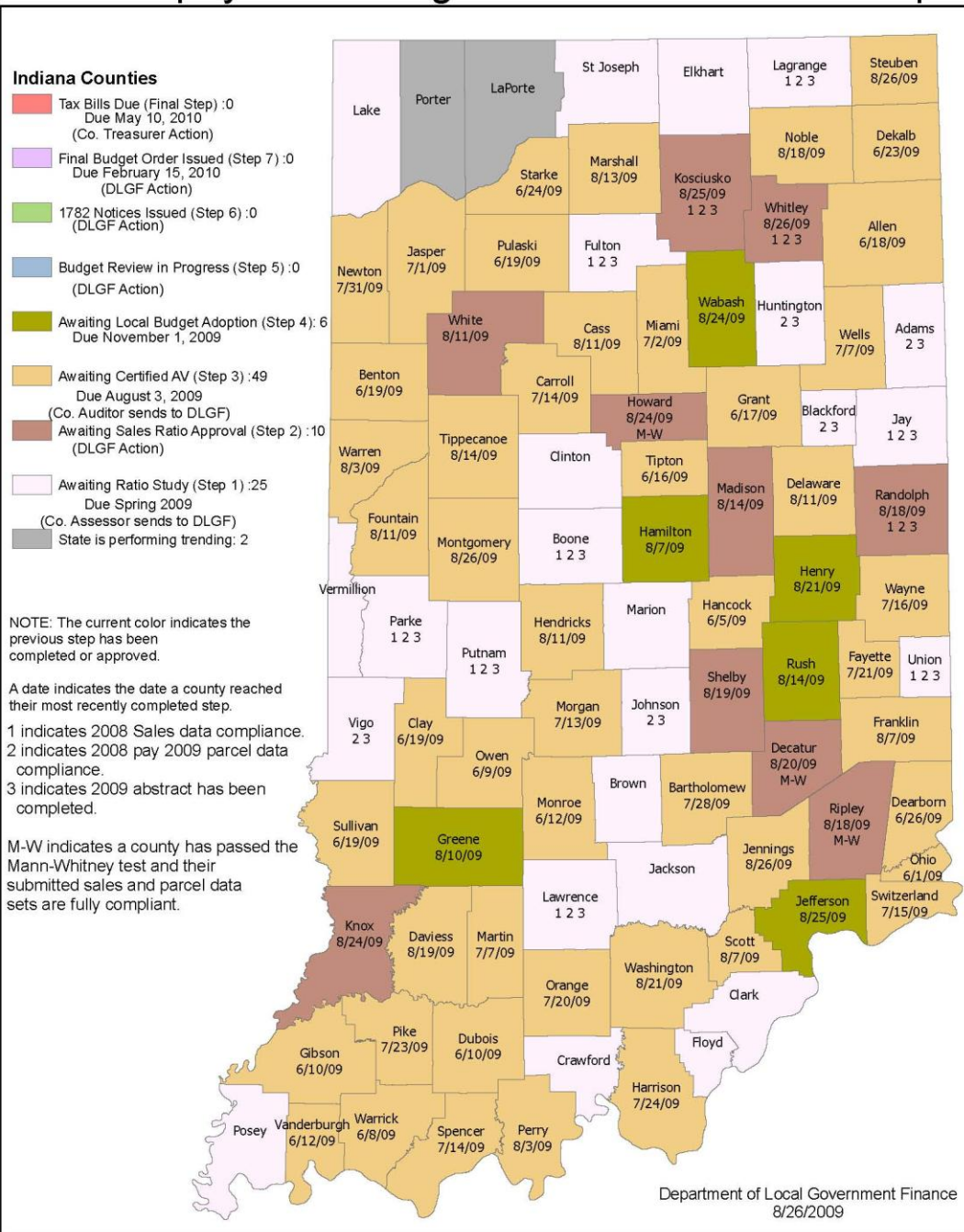


2009 pay 2010 Budget Certification Status Map

2010 Budget Certification status as of August 27, 2009

Status Maps:

<http://www.in.gov/dlgf/6827.htm>





Comparing Property Tax Bills

- Circuit Breaker Caps took effect at 1.5%, 2.5% and 3.5% of property's gross assessed value in 2009.
- Beginning in 2009, State assumed \$3 billion in local spending.
- Many property owners will see additional cuts next year as the caps drop to 1%, 2% and 3%.
- State-provided property tax relief has increased since 2007.



2010 Census

UNITED STATES CENSUS

2010 *Indiana*



For more information, visit the Indiana 2010 Census Web page: www.census.indiana.edu.



2010 Census

- The U.S. Constitution requires that a Census be conducted every 10 years to count each person living in the country.
 - The Census is used to apportion congressional seats.
 - Results inform policymakers who construct government programs.
 - Census numbers are the basis of funding for many federal programs, up to \$1,200 per person.
 - Medicaid, WIC food grants, social services
 - Title I educational grants
 - Transportation
 - State funds are often distributed using Census counts.
- Our objective is to ensure that every Hoosier is counted.



2010 Census

- Census Day is April 1, 2010
- Short “do” list to promote U.S. Census:
 - Alert your staff to upcoming Census
 - Post the Census message or link on your Web page
 - Mention it at appropriate meetings / presentations
- Census Message added to DLGF Form 11, TS-1, etc...



Conclusion

- Model residence deduction retroactive to 2008 pay 2009.
- Valuation date and assessment date will both be March 1 beginning in 2010.
- Permanently Flooded Real Property (Form 137PF)
- Mobile Home: Waiver of Property Taxes and Penalties
- General Reassessment Delayed to July 1, 2010
- Department's core values and competencies guide agency toward achieving on-time billing.
- Significant progress has been made for 2009 and we are off to a good start for 2010.
- 2010 Census: Be Counted



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